

IF AN MVPD OPTS FOR ARBITRATION, FOX SHOULD NOT BE FORCED TO CONTINUE PROVIDING ITS RSN SIGNAL PENDING THE OUTCOME OF THE ARBITRATION

- **Unlike Cable Entertainment Programming, Broadcasting is Subject to a Carefully Constructed Regulatory Regime Designed to Provide Fair Compensation to Broadcasters While Ensuring Wide Dissemination of Broadcast Programming to the Public.** Congress created must-carry, retransmission consent, and the compulsory license regime as a comprehensive way to strike the proper balance between the rights of broadcasters and the rights of MVPDs concerning carriage of local broadcast signals. Congress has not sought to regulate cable entertainment programming in the same manner, perhaps because RSN channels, unlike broadcasters, are under *no* obligation to air *any* public interest programming whatsoever. The unique and vital role broadcasters play in informing the public provides support for requiring continued provision of broadcast station signals during the arbitration process – support that does not exist for a cable entertainment or sports channel.
- **MVPDs Should Have Incentives to Negotiate With Fox – Arbitration Should Be a Last Resort.** If Fox is forced to continue providing the RSN signal throughout the arbitration procedure, MVPDs will have little incentive to negotiate a mutually acceptable business arrangement with Fox. Arbitration will become the rule rather than the exception. The result will be dozens if not hundreds of costly arbitrations (and potentially FCC reviews), to the detriment of Fox and ultimately the public.
- **Fox Has Incentives to Continue Providing the RSN Signal.** Just because Fox is not forced to continue providing the RSN signal to MVPDs during arbitration does not mean Fox will opt against carriage. In fact, Fox is likely to suffer significantly greater financial losses than the MVPD if the RSN signal is not carried. While Fox will lose the subscription fees and advertising revenues it would have realized through carriage on the MVPD, the MVPD – able to publicize to its subscribers that the RSN signal will be restored once the arbitration is concluded – is unlikely to suffer anything more than customer annoyance. Moreover, while News Corp. suffers all of the losses from non-carriage of the RSN signal, it stands to gain only 34% of any arguable benefit experienced by DIRECTV.
- **Cable Operators Are Increasingly Competing With Fox for Sports Rights.** As the cable operators increasingly bid against Fox for the rights to sports programming in their regions (see article on Comcast and Chicago sports rights, attached), they should not be able, without consequence, to invoke arbitration on the very programming they are competing for. These are not companies that need government protection in their dealings with Fox, especially given their more aggressive stance with respect to sports rights.

News Release

<< [Back](#)

Comcast Forms Cable Network With Chicago Blackhawks, Bulls, Cubs and White Sox

Comcast SportsNet Chicago to Launch October 1, 2004

Number of Games Available on Television, Basic Cable Remains Unchanged

PHILADELPHIA and CHICAGO, Dec. 2 /PRNewswire/ -- Comcast Cable, in conjunction with affiliates of the Chicago Blackhawks, Bulls, Cubs, and White Sox, today announced the formation of Comcast SportsNet Chicago, a new 24-hour regional sports network serving Chicago-area sports fans. The cable provider and the four sports teams will jointly own the network, which will launch on October 1, 2004. Financial terms of the transaction were not disclosed.

Comcast SportsNet Chicago will carry a total of 248 regular season games, as well as pre- and post-season games. The agreement provides that each team will offer the network the same number of regular season games required under its previous cable television agreement, including:

- 72 Cubs games
- 95 White Sox games
- 42 Bulls games
- 39 Blackhawks games

"Being a sports fan in Chicago is a full-time passion, and we look forward to providing first-class coverage of the goals, baskets, and runs that will define the Chicago sports experience in the seasons ahead," said Comcast Cable President Steve Burke. "Comcast is proud to bring its tremendous experience in providing quality cable television sports coverage to Chicago-area sports fans."

Comcast SportsNet Chicago will be the cable and satellite television provider for each team, and will include games offered in HDTV. Beginning October 1, 2004, the network will be available in approximately 1.5 million homes in the Chicagoland area on Comcast's expanded basic package, the cable provider's most popular level of service in the region. The network will also pursue carriage agreements with all of the other cable and satellite providers in the region, which could add an additional two million homes. Comcast will manage the network's daily operations and sales.

Comcast currently owns two regional sports networks: Comcast SportsNet, serving 2.9 million subscribers in the Philadelphia region; and Comcast SportsNet Mid-Atlantic, serving 4.3 million subscribers in the Baltimore/Washington D.C. region.

About Comcast

Headquartered in Philadelphia, Comcast Cable (www.comcast.com) is a division of Comcast Corporation (Nasdaq: CMCSA, CMCSK), a developer, manager and operator of broadband cable networks and provider of programming content. Operating in 17 of the United States' 20 largest metropolitan areas, Comcast is one of the leading communications, media and entertainment companies in the world. Providing basic cable, Digital Cable, high-speed Internet and telephone services, Comcast is the company to look to first for the communications products and services that connect people to what's important in their lives. The company's 55,000 employees, in six divisions, serve more than 21 million customers.

CONTACT:

Comcast:

Tim Fitzpatrick
215-981-8515

Chicago Blackhawks:

Jim DeMaria
312-455-7060

Chicago Bulls:

Steve Schanwald
312-455-4110

Chicago Cubs:
John McDonough
773-404-4060

Chicago White Sox:
Scott Relfert
312-674-5302

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:
Statements in this press release regarding Comcast Corporation - PR's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in the Company's Annual Report or Form 10-K for the most recently ended fiscal year.

/sports/columnists/cs-031201kirk,1,2005325.story?coll=cs-home-headlines
Pro sports channel to tip off next year
Team owners to join Comcast in cable TV venture
By Jim Kirk
Media and Marketing

December 2, 2003

In a groundbreaking agreement that may be a model for future sports media deals, Comcast Corp. on Tuesday is expected to announce the launch of a sports cable TV network that would broadcast Cubs, White Sox, Bulls and Blackhawks games now run on Fox Sports Net Chicago.

The Philadelphia-based cable giant, which provides cable TV to about 1.7 million Chicago-area customers, will offer Comcast SportsNet Chicago to its subscribers next October.

Comcast, Blackhawks owner William Wirtz, White Sox and Bulls owner Jerry Reinsdorf and Tribune Co., which owns the Cubs and this newspaper, each would have an equity stake in Comcast SportsNet, according to a source involved in the negotiations.

None of the parties involved with the deal would comment Tuesday.

Earlier this year, Tribune, Reinsdorf and Wirtz announced that they were ending their agreements with Fox Sports Net as they researched other cable programming avenues and considered going out on their own.

Under current contracts, Fox Sports Net will continue to broadcast pro sports games through the end of next year's baseball season. Fox currently carries 72 regular-season Cubs games, 102 Sox games, 44 Bulls games and 39 Hawks games.

More uncertain is how the move will affect the thousands of viewers who now watch Fox Sports Net games via satellite, through DirectTV and other providers. It is not clear whether Comcast, which considers satellite providers competitors, would shut out those viewers.

Games currently on broadcast stations WGN-Ch. 9 and WCIU-Ch. 26 would not be affected.

All three team owners have long considered launching their own sports network as a way to get around escalating fees that eat into revenue from the television rights fees they sell to cable companies.

Cable companies such as Comcast complain that cable programming providers, specifically sports channels, have raised the rates they charge distributors so much that it is becoming too costly to carry some programming.

But programmers, such as sports giant ESPN, say escalation of rights fees by the teams is forcing them to charge cable distributors more.

Cable company Cox Communications got into a much-publicized spat with ESPN, owned by Disney Co., earlier this year over rising fees. Cox threatened to pull ESPN off its cable systems.

While Comcast has started other local sports networks in its hometown of Philadelphia and in Washington, D.C., this would be the first time the majority of major pro sports teams in one market would come together to start a station. Such joint equity arrangements were previously unheard of.

It helps that all three have what many sports observers say is the closest relationship among team owners in any major market. Reinsdorf and Wirtz share ownership in the United Center, where the Bulls and Blackhawks play. Tribune President and CEO Dennis FitzSimons and Reinsdorf have had a relationship dating back to when FitzSimons ran Tribune's WGN-Ch. 9 and struck a deal to bring the White Sox and Bulls to the station.

Though the owners have discussed starting their own network, Comcast came into the picture last year after it bought out the cable system of AT&T, which covered most Chicago-area cable households.

Now Comcast expects to eliminate what effectively has been the middleman. In doing so, it would obliterate any leverage Fox Sports Net will have in future negotiations with the cable company.

Without any pro sports on its slate, many media executives question whether Fox Sports Net will be able to survive in this market as a stand-alone entity.

Financial details, such as how the equity arrangement is split, are still sketchy. But Comcast will operate the network and will still pay the teams rights fees, as it does in Philadelphia and Washington. But all three will share in the profits from advertising and sponsorship deals.

Though it is unclear who will run the operation here, insiders said that one of the names under consideration is that of current Fox Sports Net Chicago station boss Jim Corno.

So far, the success of teams controlling their own media destiny is uneven.

In Philadelphia, where Comcast owns both the Flyers and the 76ers, Comcast has added shows around the sports teams as well as its own morning local sports newscast.

The Yankees' YES Network, though, has had a more difficult start. A spat with Cablevision in New York over its fees has kept the Yankees off the main cable television system in Manhattan.

But sports marketing executives said that in the proposed Chicago deal, the teams carry little risk because of the size of the market as well as the fact that they are hooking up with the area's largest cable provider.

What they give up in terms of potentially higher rights fees-collected even when the teams are playing poorly-they hope to make up in terms of the advertising and sponsorship money they can make being in the third-largest sports market.

"It's just like New York. I don't think they would be doing it if there was a lot of risk," said Wally Hayward, president of Relay Sports and Events, a division of media buying giant Starcom MediaVest Group. "When you look at the size of the market and the teams we're talking about and the passion of the fans, there's little downside. It's not a high-risk proposition compared to a place like Miami, when you're not sure whether the fans will come out and support a team like the Marlins."

In addition to the financial arrangement, the owners are said to be interested in the control they would have in the local shows surrounding the games.

"With Fox, it was a straight rights fees deal," said a source close to the negotiations. "The teams had no say in the content of the programs around the games."

With such an arrangement in place, though, some media observers complain that there will be little if any objectivity in analyzing the teams' play.

It is not clear yet how Comcast plans to fill the programming the remainder of the day when a team isn't playing, but team executives were intrigued with, for example, the local sports news program "Sportsrise" that Comcast's station in Philadelphia runs every morning and could possibly replicate here.

Sources also say it is possible Comcast could pick up other programming elements from Fox Sports Net. Earlier this year, Comcast was in negotiations to buy some or all of Fox Sports Net's regional channels, including Chicago.